

GENERAL AND REVENUE SECRETARIAT.

(G.7)

NOTES.

File No. 180-14

FILE HEADING.

Loan to the District Board, Kolar, for the construction
of the Manningspet Chick bailapur Ry.

From

The President, District Board, Kolar

No. Letter Dated 5.2.15 Received 9.2.15

Diary No.	Enclos.	Spare Copies.	Serial No.
			1

BRIEF ABSTRACT OF LETTER.

States that out of the sum of 7 lakhs wh the Board has to contribute towards the cost of the line only Rs 4,47,400 have been raised by way of debenture bonds & requests that as there is no likelihood of raising the balance of 2½ lakhs, Govt may be pleased to advance a loan of 2 lakhs at 4% interest, to be repaid in 3 yrs out of the Ry cess ~~to be~~ levied from the current year

NOTES AND ORDERS.

P.T.O

Forus. 989 of 10.2.15

REPLY.

(To be written on this margin.)

Office of the Dewan of Mysore.

NOTE.

Dated.....9th..February.....1915.

D.O. letter dated the 5th February 1915 from the Deputy Commissioner, Kolar District, regarding the financing of the Kolar District Railways.

Forwarded to the Financial Secretary for favour of a note and definite suggestions for action in consultation with the Secretary for Railways.

9.2.15

RB

Serial
No.

Phnis 1222/14-15.

Subd
Mn
11/2/15

To Mr IV for kindly putting up the
file relating to the grant of Govt
concessions in respect of the Govt
Mn Kingpet Chickballapur Railway
Mn
1/2

Govt have in their order No.
10643-5/LB 199-13-3 dated 22-4-14
authorized the Dt Bd of Madras to raise
a further debenture of 4 lakhs for
extending the K. B. Railway to Chickballapur
subject to the same conditions as have
been sanctioned for other feeder
Railways in G.O. No 4932-81/G. 7 163-13-1
dated 22-4-14.

KP

13/4/15

Bx

Flr (Mn)

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N o t e.

It is not advisable to allow the Railway to end at Chintamani. The line has to be -- linked with the Bangalore-Chickballapur Light Railway and the construction of the Section from Chintamani to Chickballapur cannot therefore be stopped. If the District Board is -- unable to find the whole of its share of the Capital, the balance required for completing the construction has to be advanced by Government.

2. The Board expect to be able to contribute only five lakhs against seven lakhs, which is their share and Mr. Bowring proposes that the difference of two lakhs may be advanced by Government as a loan to the Board at 4 percent interest. This loan is proposed to be repaid from the Railway Cess which will be collected from the Current year and the loan is expected to be discharged in three years. This proposal is unexceptionable.

3. The estimated expenditure for the Kolar Chickballapur Section is Rs.14,90,384/- and the actual expenditure of the constructed -- Section from Bowringpet to Kolar is Rs.305,665. The maximum share of the Board has therefore to be taken at nine lakhs. As the Board --- expect to be able to raise only five lakhs, the maximum loan to be advanced by Government may go up to four lakhs.

4. Mr. Bowring proposes that the Debenture Loan may be kept open, even after the construction of the line is financed otherwise, so that

if any further amount is raised from this -- source the Government loan may be discharged earlier from the proceeds of issue of Debentures. This proposal is also reasonable -- and the Board may be permitted to repay the loan as early as they can find the means for doing so.

5. Government have to provide a sum of four lakhs in addition to the funds required for the Construction of Railways - State and aided - already sanctioned. The completion of the loop from Bowringpet to ~~Chickballapur~~ ^{Bangalore} being very desirable and necessary this -- additional demand has to be taken as inevitable and provided for.

6. The Board will have the following charges to provide for:-

- (1) interest on the Debentures.
- (2) interest on the loan obtained from Government.
- (3) half cost of Open Line Capital Works.
- (4) repayment of Government loan
- (5) sinking fund for repayment of the Debenture Loan
- (6) amount required for buying up the Government interest in the Railway.

The means available for meeting the above charges are the following:-

- (a) Railway Cess.
- (b) One-fourth of net profits (Mr. Bowring has taken one half which is not correct as of the surplus, half -- goes to Government as Guarantors of interest and it is only the remaining half that is shared -- equally by the Board and Government.)
- (c) Proceeds of issue of further Debentures.

(c) can be used only for meeting half cost of Open Line Capital Works and for repayment of Government loan as far as possible. (a) and (b) have to be used for 1, 2, 3 (if necessary) and 4 (if this cannot be repaid from proceeds of issue of Debentures) 5 and if any balance is left, for providing funds for (6).

H. Nis 1222

Forwarded to the Secretary to the Government of Mysore for Railways, Bangalore

Bangalore
18th February '15. *May Hanumanth*
Offg. Financial Secretary.
kr

Submitted to Secy

19/2/15
24/2/15
26/2

Serial
No.

20

6

No.

245

Encl: 1 section.

Returned, with compliments, to the
Secretary to Government, Financial Department.

2. As regards net income, the District
Board will get half up to the limit necessary to
pay 4 per cent on the capital. After that, the
balance is surplus profits, of which the Board
will get one-fourth and Government three-fourth.
The correct calculation on the data assumed by

Mr. Bowring is as follows:-

	Rs.
Gross receipts. ...	1,89,750
Working expenses. ...	1,13,850
Net earnings. Rs.	75,900
Interest. (Amount required to pay 4% on 14 lakhs assured capital). ...	Rs. 56,000
Surplus profits. Rs.	19,900

The District Board's share is

$\frac{1}{2}$ of Rs. 56,000. ...	Rs. 28,000 ✓
plus $\frac{1}{4}$ of Rs. 19,000. ...	" 4,975
Total.	Rs. 32,975
Deduct annual payments. ...	" 31,140
Balance net profits. Rs.	1,835

instead of Rs. 6,810 as reckoned by Mr. Bowring.

3. Anyhow, the greater part, if not the
whole, of the realizations from the cess esti-

-mated by Mr. Bowring at Rs. 75,000 per year will

11/13

Sl. No. 1222 of 14.

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No.

-2-

be available to pay back with interest the - -
Government loan.

4. As the work is proceeding throughout the
entire length of the line and as the financial
position of the District Board seems secure, the
loan asked for by the District Board may be - -
granted.

L. A. Bell

Bangalore,

Secretary for Railways,

February 1915.

Government of Mysore.

R

7(1115 1222 of 1/12/15)
H86

Subd
Bln (reser)
3/3/15

by
2/3

Please put up a draft 80.

mlh
5/3/15

Draft G.O. Subd.

Ass Bln
7/3 (reser)

by
8/3

1207

A clearing maybe
placed in the file
under
today
by

Fair copy sent
on 10/3

A draft put up for approval.
As the exact amount to be advanced
is not known the draft

Serial
No.

proposed to treat, as a loan to the Board,
the excess of the Board's share of expenditure
over the Debenture loan raised by them -

made
9.3.15

Dewan)

Fid mis 1222 of 14-15,

5944
11-3-15

The Dewan desires that the
initials of the Financial Secretary may
kindly be obtained to the fair copy of the
draft.

38/3/15.

Dewan)

by
30/3.

Dewan)

M
31/3
by

Draft approved by Dewan.

6379
1.4.15

22/4/15

G(Secy). This seems to be Council matter by
Will be circulated straight up before the meeting on 28/4/15
if the Dewan approves.

Done by Secy
20/4

Dewan)

No objection (

24.4.15.

by

CS
as per
24/4

6871
23.4.15

well

26/4

No. C. 548.

24. 4. 1915.

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

about.

Grant of a loan of ⁽²⁾ lakhs to the District Board, Kolar, towards meeting their portion of the cost of constructing the Bowringpet-Chikballapur Railway line, at 4 per cent interest.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

D. M. Nanasing Rao

Offg. Secretary to Government.

.....24th April.....1915.

Extraordinary Member of Council.

First Member of Council.

Second Member of Council.

26/4/15
Seen

Extract from the Proceedings of the.....350th.....Meeting
of the Council of His Highness the Maharaja,
held at.....Bangalore.....on the.....28th April.....1915 .

13. SUBJECT.- (Clause xi of the schedule)

Grant of a loan of about Rs.2,00,000 to the District
Board of Kolar, towards meeting their portion of the cost of
constructing the Bowringpet-Chikballapur Railway.

OPINION OF THE COUNCIL.

The draft order may be approved.

(Sd.) M.VISVESVARAYA,

Dewan of Mysore.

" Extract "

D. M. Narasimhaiah 28/4

Offg. Secretary to Govt.

Submitted to His Highness.

With regard to the capital required for the construction of the Railway from Bowringpet to Chickballapur the Deputy Commissioner reports that the District Board is unable to raise by means of debentures the whole of the share of capital which it has to provide and requests that Government may grant a loan of two lakhs to the Board repayable in three years with interest at 4% from the earnings of the Railway and the proceeds of the Special Railway Cess. He adds that if this cannot be done, the only alternative is to stop the Railway for the present at Chintamani.

2. The Financial Secretary considers it inadvisable to stop the line at Chintamani and agrees that the balance required - which may amount to four lakhs according to his calculations - may be advanced by Government on the terms proposed by Mr. Bowring.

3. The Railway Secretary is also in favour of granting the loan as the work is proceeding throughout the entire length of the line and the financial position of the Board is secure.

4. Such a request was in fact anticipated and has been provided for. A draft order sanctioning the loan is accordingly proposed. It has been agreed to by the Council and may be graciously approved.

8

M. V. MURRAY -

6th May 1915

Paper under
disposal.

Page 11-13 of
Office note -

Page 14-15 of
Office note -

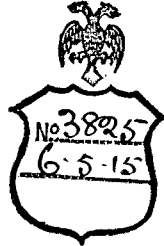
Draft for approval.

Page 17 of Office note.

Record of Cases submitted for the Orders
of His Highness the Maharaja

Subject.

Grant of a loan to the District
Board of Kolar towards meeting their
portion of the cost of constructing the
Bowringpet - Chikballapur Railway.



1085

Order.

~~KRM~~
13/5/15

Recd -

~~Hing~~
15/5/15

A
15.5 Issue
Jm
19/5

Serial
No.

2

To The President, W Board, Kolar
 no 7c 6830.3 } " Secretary for Ry.
 8/19.5.15 } " Comptroller to Govt
 — } " do — P.W. & Ry. Div.

Complies with the request of the Board states that half the expense on the construction requirement of the entire line from Baringpet to Chickballapur has to be borne by the Board & the excess of such expense the amount raised by them by issue of debentures will be ~~by~~ treated as a loan to the Board.

B

7 D. O. No. 2360

14
G. S. 1915

K o l a r,

5th February 1915.

Dear W. P. K. Srinivas

With regard to our Railway matters.

Mr. Bell has told me that the total cost of the line from Bowringpet to Chikballapur will not be more than 14 lakhs.

The District Board has up to date provided $4\frac{1}{2}$ lakhs so that we have still to find $2\frac{1}{2}$ lakhs.

Owing to the opening of the Mysore Bank and Co-operative Societies which pay 6 per cent interest, I am afraid it is very unlikely that we should be able to raise another $2\frac{1}{2}$ lakhs of debenture bonds repayable in 25 years and only carrying an interest at 4 per cent.

The only solution of the difficulty that I can see is for Government to advance the District Board 2 lakhs. If Government will do this, we will undertake to repay the

N O T E.

Kolar District Board Railway.

The total length of the Railway line
from Bowringpet to Chikballapur is 63.25 miles
distributed as hereunder:-

	Distance from Bowringpet Miles	Intermediate distance Miles
Bowringpet	0	0
Kolar	10.50	10.50
Srinivasapur	27.00	16.50
Chintamani	39.75	12.75
Sidlaghatta	53.75	14.00
Chikballapur	63.25	9.50

2. Mr. Bell writes that the cost of the whole line from Bowringpet to Chikballapur may be taken as 14 lakhs. The Board have therefore to contribute 7 lakhs.

3. Till now the Board have raised Rs 4,47,400; there is not much prospect of the Board being able to raise a further loan to any appreciable extent. Even the concession of one per cent discount held out in respect of moneys paid before 31st January 1915, has not induced any contributions from the people.

Evidently, it is futile to expect the people to invest money in a four per cent debenture loan of 25 years' duration when the Mysore Bank and Co-operative Associations pay higher interests.

4. The Government have sanctioned the levy of a railway cess of six pies in the rupee in this District from the current year. The income from this cess may be estimated at Rs 75,000 a year; but it will not be handy for the immediate present; the collections should accumulate for a few years before the Board could find sufficient money for capitalizing the railway project.

5. The only course left for the Board is to apply to the Government for a loan to make up their share of the capital of 7 lakhs. A loan of 2 lakhs will do, as the Board have already raised Rs 4,47,400 as debenture loan and may realize Rs 50,000 and odd this year in the way of the special railway cess.

6. The loan so advanced to the Board may be recouped by the Government with interest at 4 per cent per annum in three years out of the railway cess by setting apart Rs 72,070 a year out of Rs 75,000 which the Board may

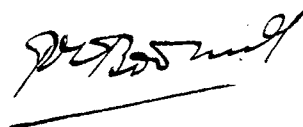
expect to realize every year. Even in this case, the debenture might be kept open, and if persons come forward to subscribe for the debenture hereafter, the collections may go towards an earlier liquidation of the loan advanced by Government.

7. After the liquidation of the loan in 3 years, the income from the cess or such portion thereof as may be necessary, may be utilized to form a sinking fund to accumulate 7 lakhs of rupees so that the Board may be able to buy up the Government's interest in the railway within such period as may be agreed upon, and thereafter be the sole owners of the railway.

8. But should the Government be not inclined to accommodate the Board with a loan of 2 lakhs at once, the only alternative will be to stop the railway at Chintamani for the present, reserving the extension to Chikballapur to be taken up later on, after the Board have accumulated the additional capital required either by raising further debenture loan or out of the railway cess collections.

9. According to Mr. Bell's estimate of 14 lakhs for 63.25 miles (i.e., a lakh for $4\frac{1}{2}$ miles) the sum of ~~4 lakhs~~ Rs 4,47,400 already raised by the Board with an equal sum contributed by Government, or Rs 8,94,800 in all, will be sufficient to meet the cost of the line as far as Chintamani - a distance of 39.75 miles from Bowringpet.

10. Forecast of financial adjustments appended.



Railway from Bowringpet to Chikballapur - a distance of
63.25 miles.

	RS.
Gross receipts for 63.25 miles on the average of Rs 3,000 a mile earned in the line from Bowringpet to Kolar- -----	189,750
Deduct working expenses at the maximum rate of 60 per cent-----	113,850

Net Income.	- 75,900

Board's half share.	37,950.

Annual Payments.

Interest on Debenture loan of $4\frac{1}{2}$ lakhs at 4 per cent.	18,000
Sinking Fund to redeem the loan in 22 years from 1915-1916.	13,140

Total.	31,140

Net Profits -	6,810

Note - This leaves the railway cess collections of
Rs 75,000 free to be exclusively appropriated
to form a sinking fund -
(i) to repay the loan of 2 lakhs advanced
in 3 years, and
(ii) thereafter to accumulate 7 lakhs to
buy up the Government's interest
in the Railway.



Railway from Bowringpet to Chintamani - a distance of
39.75 miles.

Rs.

Gross receipts for 39.75 miles on the
 average of Rs 3,000 a mile earned in
 the line from Bowringpet to Kolar - 1,19,250

Deduct working expenses at the maximum
 rate of 60 per cent - 71,550

 Net Income 47,700

Board's half share - 23,850

Income from Railway Cess - 75,000

 Total net receipts. 98,850

Annual Payments -

Interest on $4\frac{1}{2}$ lakhs Debenture Loan
 at 4 per cent - 18,000

Sinking fund to redeem the loan in
 22 years from 1915-1916 - 13,140

 Total - 31,140

Profits - 67,710

Note - The profits will be utilized to accumulate
 2 lakhs required to extend the line to Chik-
 ballapur in the first instance, and thereafter
 7 lakhs to buy up the Government's interest
 in the Railway.



G.R.S. 28]

Loan to the Dt Board, Kolar,
for the construction of the Ry
line from Banuripet to
Chickballapur.

22

Diary No. of letter replied to Remis
1222-14

GENERAL AND REVENUE
SECRETARIAT.

(G.7)

Proceedings of the Government of His Highness
the Maharaja of Mysore

READ—

, the

191 .

The file is subd
with the paper. 2
Shrinaga (S.T.)
Please see margin
on the margin

Date of issue. 19 — Shrinaga (S.T.)

Signed by W. Shrinaga
Off page 10

Paper
under
desp

G.O. no 10643-5 D. 22. 4. 14
L.B. 199-13-3

Sanctioning the proposal of the District

Board, Kolar, to raise a further loan

of four lakhs towards meeting half

the cost of construction
ORDER THEREON. No. of the entire line from Banuripet to
Chickballapur.

2. Letter dated 5th Feb 1915
from the Deputy Comr and President,
District Board, Kolar Dt, stating that
over.

SUBJECT.

23

out of the sum of seven lakhs which the Board has to contribute towards the cost of the whole line from Banningspet to Chickballapur, only a sum of Rs 4,47,400 has till now been raised by way of debenture bonds, and requesting that, as there is no likelihood of the balance of $2\frac{1}{2}$ lakhs being subscribed in the near future, Government may be pleased to advance a loan of two lakhs to the District Board at 4 p.c interest, to be repaid in three years out of the Railway cess levied from the current year.

Order thereon no. Hb 6830-3 of 19 May/15

In the circumstances represented in the letter read above, and in view of the desirability of completing the loop line from Banningspet to Bangalore, via Chickballapur, as early as ^{practicable} possible, Govt are pleased to comply with the

G. R. S. 27]

GENERAL AND REVENUE
SECRETARIAT.

(Continuation sheet draft form.)

request of the Board. Half the expenditure on the construction and equipment of the entire line from Bowringpet to Chickballapur has to be borne by the Board, and the excess of such expenditure over the amount raised by them by issue of debentures will be treated as a loan to the Board on the conditions referred to.

2. The Debenture Loan should be kept open, and any further sums raised from this source utilised for ~~the~~ ^{the} discharge of the Galt loan & a corresponding debt.

MB
31/3

22.4.1912

h.b.

Rough draft - mistakes
by H. Lee?

Q.B.
Le. Finl Secretary.
10/3.

To The President, District
Board, Kolar Dt

" Secretary for Railways

" Comptroller to Galt;

" - do - P.W. & Ry Branch

Copy to Branch *W*

*Asst Secy
10/3*